



COMPANY INSURED
QUALIFIED PENSION SCHEME
(PLAN DE PREVISIÓN SOCIAL EMPRESARIAL)

Adobe

March 24, 2022

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Introduction

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Company Insured Qualified Pension Scheme

Introduction

- **Adobe Systems Ibérica, S.L and Adobe Technologies International, S.L.U. have established a Company Insured Qualified Pension Scheme** (“Plan de Previsión Social Empresarial”, **IQPS, PPSE** o the Scheme) to guarantee certain benefits to all the employees included therein and their beneficiaries.
- **Eligibility:** All Company employees with a labour contract will be eligible to become a Member of this Pension Scheme.
- The Scheme come in force on January 1st, 2018.



Company Insured Qualified Pension Scheme

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Company Insured Qualified Pension Scheme

Main characteristics

Type of Scheme:

- Defined Contribution Scheme.

Funding Vehicle:

- Company Insured Pension Scheme, in accordance with the provisions of art. 51.4 of Law 35/2006, of 28 November, regarding IRPF (Income Tax), and DA 1 of the RDL 1/2002, of 29 November, by which the Consolidated Text of the Law on Regulation of Pension Plans and Funds is approved.

Type of policy:

- Minimum guaranteed interest + Profit Sharing (real return on assets above the minimum guaranteed is allocated).
- Insurance Company: ALLIANZ.
- The Company is the Policy holder.
- The employees (the Members) are the insured.
- Beneficiaries: The Members except in case of death, in which case they will be the people designed by the Member.

Company Insured Qualified Pension Scheme

Main characteristics

Contributions:

- Annual maximum contribution limits:
 - Joint maximum annual contribution limit €1,500 per year (previously it was €2,000).
 - This limit can be increased by an additional €8,500 if the contributions come from the employer or from the employee as long as the employee's contributions are equal or less than the employer contribution.
- The company contributions are tax attributed to the employees.
- Deductibles in the employee's personal Income Tax.
- Considered for Social Security contributions.

Contingencies:

- Retirement, death and permanent disability.
- Accrued rights can also be paid in the cases of severe illness or long term unemployment.

Acquired Rights:

- 100% of the Accumulated Individual Fund

In short, it is a collective life insurance policy under the principles and the tax treatment of a Qualified Employment Pension Plan.

Contributions

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Company Insured Qualified Pension Scheme

Contributions Effective January 1, 2022

- **Ordinary Contributions:**
 - Company and Employee will contribute to the IQPS/PPSE according as follows:
 - **Company contributions :** 2% on Pensionable Salary up to the ceiling (“offset”) and 9% above the ceiling
 - **Employee contributions:** none on pensionable salary up to the ceiling (“offset”) and 3% above the ceiling
 - **Offset:** 46,011.57€ (2022), increased every year with CPI.
 - **Pensionable Salary:** Employee annual fixed gross salary.
- **Voluntary Additional Contributions:** Employees can make voluntary additional contributions directly to the insurance company.

Company Insured Qualified Pension Scheme Contributions. New legislation

Key points of the new legislation

- New contribution limits: €1,500 + Additional €8,500.
- The Company has set up a group life insurance policy (Top Up Plan or Excess Policy) to finance the contribution over the annual contributions limits. Therefore:
 - Company Excess Contributions will be made to the Top Up Plan without tax allocation of the contributions.
 - Employee Excess Contribution will be made to the Top Up Plan through salary sacrifice (Flex Salary). If the Employee does not allow the salary sacrifice, the Company will not make its contribution to the Excess Plan.



What does Flex Salary / Salary Sacrifice mean?

- It is about changing part of your annual monetary remuneration/salary by a flex product/benefit, in this case, the contributions to the Top Up Plan, that will not be taxed by the Company. This contribution has an immediate tax benefit.
- The monetary salary and your contribution base will not be modified. Therefore, your future salary increases and your future Social Security benefits will not be affected.

Example

- **Aportaciones:**
 - Company contribution (ER): $2\% \times \text{MINIMUM (Salary, 46.011,57€(for 2022))} + 9\% \times \text{MINIMUM (0, Salary - 46.011,57€(for 2022))}$
 - Employee contribution(EE): $3\% \times \text{MAXIMUM (0, Salary - 46.011,57€(for 2022))}$

Salary	EE	ER	EE excess	ER excess
40.000,00 €	0,00 €	800,00 €	0,00 €	0,00 €
50.000,00 €	119,65 €	1.279,19 €	0,00 €	0,00 €
100.000,00 €	1.619,65 €	5.779,19 €	0,00 €	0,00 €
150.000,00 €	3.119,65 €	6.880,35 €	0,00 €	3.398,84 €
250.000,00 €	5.750,00 €	4.250,00 €	369,65 €	15.029,19 €

Benefits

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Company Insured Qualified Pension Scheme Benefits

- **Retirement** following the Social Security regime (**normal, early or late retirement**).
- Likewise, the Member may also have access to a pension corresponding to early retirement provided:
 - The Member is at least 60 years old;
 - The Member has ceased all activity that may be registered in any regime of the Social Security (i.e., the Member is unemployed). However, he may be registered in a regime assimilated to the Social Security Regime; and
 - When applying for the Benefit, the Member cannot fulfil all the requirements to obtain the retirement benefit from the corresponding Social Security regime.
 - Members may also receive a retirement pension in cases where they become legally unemployed as a result of the cases included in articles 49.1.g), 51, 52 and 57 of the Spanish Workers' Statute (Objective individual dismissal; collective dismissal, etc.).
- **Permanent Disability:** Total Disability or Absolute Disability, or Major Disability as established by the Social Security regulations.

Company Insured Qualified Pension Scheme Benefits

- **Death**, appointed freely by the participant. In default of a specific designation, the following excluding order of preference will be used:
 - Spouse.
 - Children, on an equal basis.
 - Ascendants, on an equal basis.
 - Other legal heirs.

Company Insured Qualified Pension Scheme Benefits

- **Amount**

- The amount of the benefit will be the employees' Accrued Rights on the date of the Event.
- For each Member, the amount is the sum of the total contributions to the plan, plus income less expenses, under the terms established in the policy.

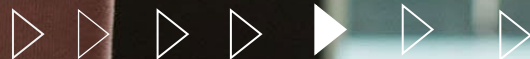
- **Date and method**

The dates and type of payment of benefits shall be established and modified by the Member or beneficiary:

- Lump sum: perception of a single payment.
- Annuity: perception of successive payments.
- Mixed: any combination of the above.

Exceptional Cases of Liquidity

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Company Insured Qualified Pension Scheme

Exceptional Cases of Liquidity: Serious disease

- **Concept of Serious Disease:**
 - Incapacitating illness or injury for a minimum period of 3 months + clinical intervention or hospital treatment or major surgery.
 - Causing permanent damage that limits all or part of usual occupation or any occupation.
- **Incompatibilities:**
 - That provision for permanent disability is charged according to Social Security.
 - No decrease in revenues or increased expenses as a result of the disease.
- **People that can be affected:**
 - The Member.
 - Husband or wife.
 - Parents or children in first grade.
 - Person under guardianship or foster care or dependent cohabiting participant.
 - Documentation needed:
 - The documentation requested by the insurer in order to evidence such extremes.
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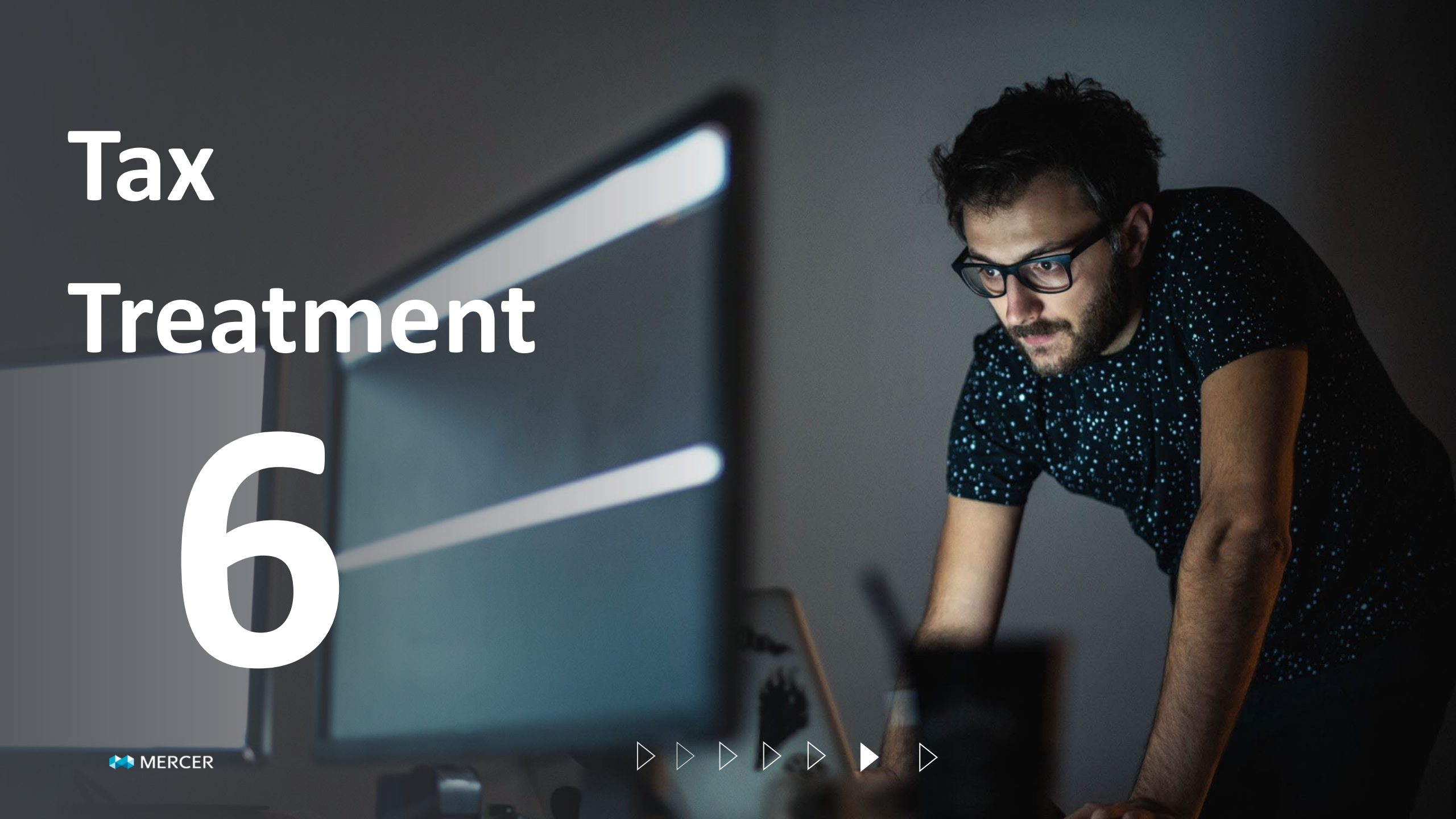
Company Insured Qualified Pension Scheme

Exceptional Cases of Liquidity: Long Term Unemployment

- **Concept of Long Term Unemployment:**
 - Labour activity extinction.
 - Legal Unemployment.
 - Be registered as a jobseeker.
 - Do not perceive any contributory unemployment benefit.

Tax Treatment

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Tax Treatment

CONTRIBUTIONS

- **IQPS/PPSE:**
 - **Employee contributions:** employees make contributions from their net salary. These contributions reduce their personal income taxable income within the limits established by the Law
 - **Company contributions:** these are tax imputed to the employee as earned income without tax withholding and reduce the employees income taxable income within the limits established by the Law
- **EXCESS PLAN:**
 - **Company contributions :** They are not imputed to the employee for tax purposes
 - **Company contributions from the employee's gross salary:** They are not imputed to the employee for tax purposes. Immediate tax advantage via salary sacrifice
- **Note: There is a tax deferral until the benefit is received**

BENEFITS

- **IQPS/PPSE:** Retirement, Permanent Disability, Dependency and Death: Earned Income (Personal Income Tax)
- **EXCESS PLAN:** Retirement, Permanent Disability and Dependency: Earned Income (Personal Income Tax). Death: Inheritance Tax.

Leaving the Company

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Company Insured Qualified Pension Scheme

Leaving the Company

- **IQPS/PPSE:** In case a Member ceases in his labour relationship with the Company, he will be entitled to 100% of his Accrued Rights.
 - At Member's will, the Accrued Rights can be:
 - Maintained in the Insurance Policy finance the Scheme until any of the contingencies foreseen occur.
 - Transferred his Accrued Rights o another Company Insured Pension Scheme or other Pension Scheme according to the legislation in force.
 - The participant may only enforce these economic rights when has one of the contingencies entitlement to benefits or in cases of serious illness or long term Unemployment.
- **EXCESS PLAN:** The funds can be transferred to a similar group life insurance, including a IQPS, pension plan or insured pension scheme (PPA). Tax treatment of a transfer needs to be checked at the time of the transfer.

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Mercer Consulting, S.L. (Sociedad Unipersonal), con domicilio social en Pº de la Castellana, 216, 28046 Madrid. Inscrita en el Reg. Mercantil de Madrid, Tomo 17.101, Folio 131, Sección 8, Hoja M-292859. N.I.F.: B-83160317. Correduría de Seguros inscrita en el Reg. de la Dirección de Seguros y Fondos de Pensiones con nº J-2247. Concertados los seguros R.C. y Caución, según Ley 26/2006, de 17 de julio.